2. Representations brought forward at the Representative Assembly of 1917 and other sessions of the assembly, complaining on the one hand, that the payment of miras operates as a hardship on land owners for whom these village servants do no work, and on the other that the land-owners are not regularly giving the miras and that besides the rate of miras is insufficient.

3. The report of the Special Committee of the Representative Assembly appointed by Government to investigate the subject.

ORDER NO. R. 5135-44—L. R. 419-17-6, DATED BANGALORE, 15TH OCTOBER 1920.

The Committee reported that the rate of three seers of grain per acre is very high, that the system has not worked satisfactorily and that the rates are in general a dead letter, and they accordingly submitted the following recommendations:—

(1) That the payment of remuneration of these village servants who do only Government work and no communal work is a legitimate charge on Government and the required funds should, therefore, be provided for from the General Revenues of the State,

(2) the cash remuneration which should be slightly less than that of patels should be in addition to the inam lands held by them,

(3) should Government however find it impracticable to meet the entire cash remuneration, the levy of a cess in proportion to the raiyats' half contribution may be orderd as a last resource.

2. The subject was considered at a meeting of the Deputy Commissioners and select Heads of Departments held in March 1920, wherein the following decision was arrived at:—

"The rules may be modified by ordering a levy equivalent to 2 annas in the rupee on dry and one anna on wet and garden assessment. The inams held must be made inalienable and impartible. The extent of land to be given as inam should not exceed 10 acres of dry, 3 or 5 acres of wet, in addition to the miras. The Representative Assembly members may be consulted with regard to the levy of a cess."

3. At the Representative Assembly of June 1920, the question was again warmly discussed and opinion was against the levy of the proposed cess.

4. Government have given the case their careful consideration and consider that the payment of cash remuneration at the cost of Government, either entirely or in equal shares, with the raiyats' cess is out of the question at present on account of the enormous cost involved. When however, resettlement operations show adequate progress resulting in an appreciable increase in the land revenue Government will be prepared to take up for favourable consideration this subject along with the general question of the revision of Village establishments.

5. In these circumstances, Government direct that the Order of 1915 read above may continue in force till such time as it will be possible for Government to provide for a paid staff of totis and talaris.

B. RAMASWAMAIYA,
Secretary to Government,
Revenue Department.

To—The Revenue Commissioner in Mysore.
The Superintendent of Revenue Survey and Settlements in Mysore.
The Deputy Commissioners of Districts.

Levy of Income-tax.

READ—

Letter dated 4th October 1920, from Mr. M. Venkatakrishniah, President, Citizens' Meeting, Mysore City, forwarding, for the consideration of Government, a copy of the proceedings of the aforesaid meeting held on the 28th September last, in connection with the levy of Income-tax.

2. Notes of representations made by a deputation of merchants of Mysore, that waited on the Dewan at Mysore on 11th October 1920 in the same connection.

ORDER NO. 26-28—I. T. 17-20, DATED CAMP MYSORE, 20TH OCTOBER 1920.

Government have carefully considered the several representations made by the deputation and are pleased to record their replies and observations in regard to each one of them as noted in the memo annexed to this order.

Necessary further instructions based on the above observations will be issued by the Commissioner of Income-tax.

C. S. BALASUNDARAM IYER,
Chief Secretary to Government.

To—The Commissioner of Income-tax in Mysore.
The President of the Citizens' Meeting, Mysore City.
PRESS TABLE.

Representation.	*Reply.*
1. Accounts are asked for 1919-20. Many tenders have not maintained any accounts, while those who have maintained some sort of accounts find it difficult to prepare a correct return.	The return of income for 1919-20 is for the purpose of making a preliminary assessment of the tax for 1920-21. When the final accounts for 1920-21 are available, necessary adjustments in the tax will be made with reference to the actual income for the year. So the Income-tax Department will be satisfied if, in such cases, reasonably approximate accounts are submitted. If there appears to be great disparity between the return submitted and what is believed to be the true income, the Income-tax Collector will send for the parties and if the parties assure the Collector that the return already submitted represents the true income, such assurance will ordinarily be accepted.
2. The form of notice referring to penalties in case of submission of inaccurate returns is unduly severe.	The form of notice follows the wording of the Regulation: in actual working there will be no severity.
3. Interest on one's own capital put in business should be deducted from profits.	There is no justification for this. If the interest is deducted from the "profits of the business" it will still have to be taxed under "other sources."
4. Members of the family who work in a shop are not given any salaries, but their expenses have to be met. No allowance is also made for expenditure of a charitable nature. To meet all these a rebate of 25 per cent of the profits should be allowed and tax levied only on the balance or the first 2,400 rupees may be excluded from taxation.	This is not possible under the Regulation. The Regulation follows the lines of the British Indian Act, but the rates of tax in Mysore are very much lower than in British India. If rebates are to be allowed it may be necessary to raise the rates of taxation. The point will however be noted for consideration when the Regulation is next taken up for amendment.
5. Tax should not be levied on the rental value of the house occupied by the owner.	There is no reason to exempt the income from investments in the shape of house property. The point is however noted for consideration when the Regulation is taken up for amendment.
6. It appears that stamp duty at the rate of one rupee or eight annas will have to be paid in respect of appeals and petitions in regard to Income-tax matters. It should be ordered that no stamp duty need be paid.	This cannot be done as stamp duties are levied by law for purposes of revenue. In prescribing a schedule of rates moderate rates of duty will be fixed.
7. The provision regarding a fine of Rs. 10 per day in case returns are not submitted should be held in abeyance for two years.	This not is possible. A penal provision is necessary, but it will be worked only in a considerate manner. It is only in case of persons who are recalcitrant that there will be any necessity to prosecute. Prosecution will be ordered by high officials and only First Class Magistrates will ordinarily try cases.
8. The assessees in Mysore City should not be asked to produce their accounts before the Special Collector in Bangalore.	The Special Collector will spend about half the month at Mysore City where he will have an office. If assessees are called upon by the Special Collector to produce books of accounts he will not require their production in Bangalore but only at Mysore City.

9. There should be a Board of officials to hear appeals from the Commissioner of Income-tax.

This is not necessary. Government is the authority next above the Commissioner and it will be open to assessees to bring up any cases to Government by means of revision petitions.

10. In view of the levy of the Income-tax Octroi duties in Municipalities should be abolished.

This is a matter for consideration and representations through the Municipal Councils concerned.

11. It is not convenient to close the accounts for the official year. Merchants may be permitted to submit their accounts for the calendar year.

Accounts to be submitted for the "previous year" may be either for the previous official year or for the previous calendar year or for the year beginning and ending with Yugadi or for the Marwari year beginning and ending with Dipavali as may be elected by the assessees. This is allowed by the Regulation.

12. The Special Collector has, in some instances refused to give extension of time for submission of returns of income. Extension of time may be given up to end of December.

Extension of time up to the end of November will be given.

13. The forms of return are very complicated and assessees may be permitted to give their total income in a lumpsum without details.

It will be sufficint if information as to income under main heads is given. All reasonable help to prepare accounts will be given by the Income-tax staff.

14. Bad debts should be deducted from profits and tax should be levied only on income actually received.

Bad debts when actually written off the accounts may be deducted from the profits. This is provided for in the rules.

Income accrued, but not actually received, will not be assessed unless it has been credited in the accounts.

15. It is a great hardship that the income of Joint-Stock Companies is taxed at the maximum rate of one anna and that shareholders who are not liable to be taxed at this rate have to obtain refunds. The income of the individual shareholders only should be taxed or if this is not possible at least arrangements may be made to grant refunds on applications sent through the companies concerned.

It is not possibe to give up the system of taxation at the source in such cases as that would result in a considerable amount of income escaping taxation; but endeavours will be made to have the refund procedure simplified as much as possible. There would be no objection to refund applications being entertained if sent through the Companies concerned.

FINANCIAL DEPARTMENT.

Consolidated Allowance to be treated as Pay for Travelling Allowance.

ORDER NO: FL. C.I.-50—S. & A. 23-20, DATED CAMP MYSORE, 17TH OCTOBER 1920.

Government direct that the Consolidated Allowance sanctioned in Government Order No. Fl. 449-98—S. & A. 23-20-1, dated 19th July 1920 may be treated as pay for purposes of calculating travelling allowances. This Order will have effect from 1st July 1920.

M. N. KRISHNA RAO,
Financial Secretary to Government.

To—The Comptroller.
The other Heads of Departments.
The Deputy Commissioners of Districts.
PRESS TABLE.